

## State of California

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**Legislative Change No.****04-34**Bill Number: AB 2358Author: SteinbergChapter Number: 04-806

Laws Affecting Franchise Tax Board: Family Code Sections 17450, 17452, and 17460. Revenue and Taxation Code Sections 19270 and 19276.

Date Filed with the Secretary of the State: September 27, 2004

**SUBJECT:** Child Support Collections/Transfer From Franchise Tax Board To Department Of Child Support Services

**Assembly Bill 2358 (Steinberg), made the following changes to California law:**

Article 1.5 (commencing with Section 17450) is added to Chapter 2 of Division 17 of the Family Code.

Essentially, this act allows the Department of Child Support Services (DCSS) to administer child support collections and the Financial Institution Data Match System (FIDM) by adding provisions to the Family Code that are *similar* to the existing provisions in the Revenue and Taxation Code (R&TC) allowing the Franchise Tax Board (FTB) to administer child support collections. Generally, these provisions would remove references to FTB and replace them with references to DCSS.

The department notes the following new provisions of law that differ from current law and impact FTB:

Section 17450 is added to the Family Code.

This act states that it is the intent of the Legislature that when the California Child Support Automation System (CCSAS) is fully operational, any statutes that need modifications due to the status of the system should be revised.

1. During the development and implementation of CCSAS, DCSS may delegate to FTB the functions or procedures to administer child support collections through an appropriate interagency agreement.
2. FTB shall perform the functions and procedures as under current law in the R&TC until the Director of DCSS revokes the delegation by letter to the Executive Officer of FTB.
3. The current R&TC sections regarding child support collections are effective for these purposes until the revocation of the delegation to FTB.
4. The provisions of R&TC Section 19270, as added by this act (described below), are also contained in this section.

Bureau Director

Jana Howard for Brian Putler

Date

10/6/04

Section 17452 is added to the Family Code.

This act provides that FTB shall make tax return information available to DCSS, upon request, subject to federal and state privacy and information security laws. FTB would incur no obligation or liability to any person arising from:

1. Furnishing information to DCSS as required by this provision.
2. Failing to disclose to a taxpayer or accountholder that his or her information was included in a data exchange with DCSS.
3. Any other action taken in good faith to comply with these provisions.

Further, this act contains legislative intent that any income tax return information provided to DCSS by FTB shall be done according to state and federal privacy and confidentiality laws, and to the satisfaction of FTB.

Section 17460 is added to the Family Code.

This act requires DCSS to enter into interagency agreements that are necessary for the implementation of this act. State departments and boards shall cooperate with DCSS. Actual and reasonable costs incurred by state departments and boards shall be reimbursed by DCSS out of the money received from the federal government for this purpose. In the event money is not provided by the federal government, and subject to the annual Budget Act, the state shall fund departments and boards for costs in complying with this provision.

Section 19270 is added to the Revenue and Taxation Code.

This act requires DCSS to assume responsibility for the collection of child support delinquencies and FIDM pursuant to a letter of agreement between DCSS and FTB. The agreement is required to set forth the following:

1. DCSS is to assume responsibility for leadership and staff of collection of child support delinquencies and FIDM consistent with the development and implementation of California Child Support Automation System (CCSAS), which is contingent upon the Budget Act and staffing authorization from DOF and DPA.
2. FTB employees and personnel who staff or provide support for the child support collections and FIDM will become employees of DCSS at their existing or equivalent classification, salaries, and benefits.
3. Any other provisions necessary to ensure continuity of function and meet or exceed existing levels of service. This will include, but not be limited to, agreements for DCSS to continue using FTB automated systems to locate child support obligors and their assets.
4. FTB shall make tax return information available to DCSS, upon request, subject to federal and state privacy and information security laws.
5. Legislative intent that any income tax return information provided to DCSS by FTB shall be done according to state and federal privacy and confidentiality laws, and to the satisfaction of FTB.

Section 19276 is added to the Revenue and Taxation Code.

This act provides that the existing R&TC provisions regarding child support collections administered by FTB will be in effect only until CCSAS becomes fully operational and the Director of DCSS revokes the delegation of collection authority to FTB. The current child support collection provisions in the R&TC would be repealed as of January 1 of the year following the revocation.

This act is effective and operative January 1, 2005, and states that the transfer of collection authority to DCSS will be contingent upon enactment of the Budget Act and staffing authorization from both the Department of Finance (DOF) and the Department of Personnel Administration (DPA).

This act will not require any reports by the department to the Legislature.